

Opening Statement of Chairman Dave Brat
Subcommittee on Economic Growth, Tax, and Capital Access
Hearing: “Occupational Hazards: How Excessive Licensing Hurts Small Business”
February 27, 2018

Good morning. I call this hearing to order.

Last year, this Subcommittee held a hearing examining the small business labor market. At that hearing, we heard that job vacancies across America are at an all-time high. We also heard that there are millions of Americans sitting on the sidelines not looking for work and that undue regulations can cost the American economy almost 2 trillion dollars every year.

With this in mind, the Subcommittee is here today to examine a particular set of regulations that may increase prices for consumers, increase job vacancies, and hurt small businesses: occupational licensing.

In its simplest definition, occupational licensing requires a business or an individual to request permission from the government to practice certain occupations. The percentage of the workforce that requires an occupational license has increased from less than 5 percent in the 1950s to almost 33 percent today. Although some occupations can be dangerous and need specialized education, research shows that the amount of training required for a license almost never matches the risk of the occupation.

There are also significant inconsistencies between state requirements for licensing. For example while an individual in Missouri must only pay a 52 dollar fee and does not need specialized training to be an auctioneer, Tennessee requires a 650 dollar fee and 756 days of specialized training for the same license. But one of the most telling statistics about licensing is that while there are 1,100 occupations in the United States that are licensed in at least one state, only 60 require a license in all 50 states. This inconsistency hurts worker mobility and most importantly, small businesses.

This morning we will hear from a distinguished panel about how the federal government can help provide solutions to reduce licensing barriers on small businesses. I thank you all for being here this morning and I yield to the Ranking Member for his opening remarks.

